1		REBUTTAL TESTIMONY OF
2		THOMAS E. HANZLIK
3		ON BEHALF OF
4		DOMINION ENERGY SOUTH CAROLINA, INC.
5		DOCKET NO. 2019-184-E
6	Q.	PLEASE STATE YOUR NAME, BUSINESS ADDRESS, AND
7		OCCUPATION.
8	A.	My name is Thomas "Tom" Edward Hanzlik. My business address is 601
9		Old Taylor Road, Cayce, SC 29033. I am the Manager, System Control for
10		Dominion Energy South Carolina, Inc. ("DESC" or the "Company").
11	Q.	WHAT IS YOUR EDUCATIONAL BACKGROUND?
12	A.	In 1981, I graduated from Clemson University with a Bachelor of Science
13		degree in Electrical and Computing Engineering.
14	Q.	WHAT IS YOUR EMPLOYMENT BACKGROUND?
15	A.	I began my career with DESC in 1987 when I accepted a job with South
16		Carolina Electric & Gas Company. I served in various roles during my career at
17		DESC, including but not limited to: Manager Operations Planning, Manager Large
18		Customer Accounts, General Manager Instel, Inc (a SCANA Subsidiary) and Power
19		Quality Engineer. However, for the last 7 years, I have worked in my current role
		REBUTTAL TESTIMONY OF THOMAS E. HANZLIK

- as the Manager of System Control Center. Prior to working in the utility industry,

 I was employed by Square D Company as an Applications Engineer for industrial

 motor control equipment.
- 4 Q. HAVE YOU EVER TESTIFIED BEFORE THE PUBLIC SERVICE
 5 COMMISSION OF SOUTH CAROLINA (THE "COMMISSION")?
- 6 A. No.
- Q. DID YOU PREVIOUSLY FILE DIRECT TESTIMONY WITH THE
 8 COMMISSION IN THIS PROCEEDING?
- 9 A. No.

10 Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?

11 The purpose of my rebuttal testimony is to discuss the response of Dominion A. 12 Energy South Carolina, Inc. ("DESC" or the "Company") to certain issues raised in 13 the direct testimony of Mr. Derek P. Stenclik filed on behalf of the South Carolina 14 Coastal Conservation League and the Southern Alliance for Clean Energy 15 (collectively, "CCL/SACE"). As the manager of DESC's Systems Control Center 16 ("SCC"), I am uniquely qualified to address the points raised by Mr. Stenclik 17 regarding DESC's need for reserves and the reliability challenges associated with 18 variable generation. Finally, I address Mr. Stenclik's failure to acknowledge

- DESC's obligation to comply with the North American Electric Reliability

 Corporation's ("NERC") mandatory reliability standards.
- 3 Q. PLEASE DESCRIBE YOUR DUTIES AS MANAGER OF SYSTEM
 4 CONTROL CENTER FOR DESC.

- A. The SCC is a transmission system control center in which DESC monitors and controls its transmission system, dispatches its generation fleet, and reliably meets customer load in real-time. The SCC's primary function is to maintain compliance with regulations that govern the bulk electric system and to ensure safe and reliable electric service to our customers. Doing so requires us to plan for, anticipate, and respond to events such as changes in system load, unexpected equipment outages, generating facility trips, and other system related events to ensure reliability and minimize risk within our Balancing Authority ("BA") as well as risk or impact to the Eastern Interconnection. Throughout my rebuttal testimony I discuss the role of the BA, and the following definitions from the NERC Glossary of Terms will be helpful:
 - a. Balancing Authority is the defined term for a NERC-registered entity that integrates resource plans ahead of time, maintains load-interchange-generation balance within a Balancing Authority Area, and supports interconnection frequency in real time.

1	b.	Balancing Authority Area – the collection of generation, transmission, and
2		loads within the metered boundaries of the Balancing Authority. The Balancing
3		Authority maintains load-resource balance within this area.

4 The following are key tasks a BA performs:

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- a. Calculate Area Control Error ("ACE") within the reliability area.
- i. ACE The instantaneous difference between a Balancing Authority's net
 actual and scheduled interchange, taking into account the effects of
 Frequency Bias.
 - b. Operate the BA Area to maintain load-interchange-generation balance.
- 10 c. Review generation unit commitments, dispatch, and load forecasts, and direct
 11 generators as necessary to meet system requirements.
- d. Formulate an operational plan (generation unit commitment, bulk power transactions, unit and line outages, etc.) for reliability evaluation.
- e. Approve Arranged Interchange with neighboring BA Areas from a bulk power supply and ramping ability perspective.
 - f. Implement Confirmed Interchange transactions with neighboring BAs.
- g. Operate the BA to contribute to Interconnection frequency.
- h. Monitor and report control performance and disturbance recovery.
- i. Provide balancing and energy accounting, and administer inadvertent energy
 paybacks.
- j. Determine needs for reliability-related services.

1	k.	Deploy	/ reliability	-related	services.
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Implement emergency procedures per internal System Operating Procedures
 and the NERC Standards.

Q. PLEASE EXPLAIN NERC'S ROLE IN PROMOTING AND MAINTAINING THE RELIABILITY OF THE US ELECTRIC GRID.

The 2003 blackout, which was initiated in the Midwestern United States and cascaded into Canada and the Northeastern United States, causing 50 million people to lose power. In response, Congress included requirements in the Energy Policy Act of 2005 for an independent Electric Reliability Organization ("ERO"). The ERO reports to FERC and is tasked with developing and enforcing mandatory reliability standards. The ERO has the authority to levy penalties up to \$1 million per day per violation. FERC named NERC as the ERO and through delegation agreements authorized seven Regional Reliability Organizations ("RRO") to form and monitor compliance with the NERC reliability standards. SERC was named the RRO for the Southeast and authority to monitor DESC's compliance through regular audits and other oversight activities.

As a BA, DESC must comply with the NERC Resource and Demand Balancing ("BAL") Reliability Standards. The following standards are specifically applicable to this proceeding:

Standard Number	Title	Purpose
BAL-001	Real Power Balancing	To control Interconnection frequency
	Control Performance	within defined limits
BAL-002	Disturbance Control	To ensure the Balancing Authority or
	Standard – Contingency	Reserve Sharing Group ("RSG") balances
	Reserve for Recovery	resources and demand and returns the
	from a Balancing	BAs or RSGs Area Control Error
	Contingency Event	("ACE") to defined values following a
		Reportable Balancing Contingency Event
BAL-003	Frequency Response and	To require sufficient Frequency Response
	Frequency Bias Setting	from the BA to maintain Interconnection
		Frequency within predefined bounds by
		arresting frequency deviations and
		supporting frequency until the frequency
		is restored to its scheduled value. To
		provide consistent methods for measuring
		Frequency Response and determining the
		Frequency Bias Setting.

- 1 Compliance with these standards is mandatory and critical to ensure the reliability
- of DESC's BA Area and the entire Eastern Interconnection.

1	Q.	DOES DESC PLAN	N AND OPER	RATE	ITS GENERATION	N DISPAT	CH AND
2		TRANSMISSION	SYSTEM	IN	COMPLIANCE	WITH	THESE
3		RELIABILITY STA	ANDARDS?				

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Yes. These are mandatory reliability requirements. DESC is routinely audited through periodic spot checks, quarterly and annual reporting, and also more comprehensive audits that occur approximately every three years. Failure to comply with these mandatory reliability standards can result in a combination of fines, penalties, and mandatory mitigation measures imposed by SERC, NERC or FERC.

9 Q. **PLEASE EXPLAIN** HOW **DESC EVALUATES AVAILABLE** 10 GENERATION **RESOURCES AND ESTABLISHES OPERATING** RESERVES IN ORDER TO MEET LOAD ON A DAILY BASIS. 11

DESC develops a Balancing Integrated Operating Plan ("Daily Generation Plan") twice daily as a guide for our System Controllers to use when dispatching generating resources within the DESC BA. As part of this process, DESC evaluates an hourly load forecast against available generation in each hour to determine operating reserves and resource adequacy. This evaluation specifically focuses on the most critical hour of the day, called the peak hour, when instantaneous demand is or will be the highest in the 24-hour planning period.

The functional capabilities(ramping, voltage control, load following, and maximum output) of each available generator are considered to ensure adequate

regulating reserves, flexible reserves, and contingency reserves (hereinafter referred to individually and collectively as "Operating Reserves") can be collectively provided as needed across the peak hour of the day. All generating resources within our BA, including solar generation, are considered along with their characteristics in the development of the Daily Generation Plan and a daily reserve calculation, but not all resources have equal functionality. The functional and operating limitations of any and all generators cannot be ignored. For example, nondispatchable solar generates when the sun and weather conditions allow it to generate. It cannot be called upon to increase its output in emergency situations-whereas gas-fired generation units have the ability to contribute to our response to such reliability events. Additionally, except for a few summer months, solar generation does not support the peak demand of our BAA. Therefore, dispatchable generation must be available to cover reliability events and system peaks because solar cannot functionally provide that reliability benefit.

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REBUTTAL TO TESTIMONY OF MR. DEREK STENCLIK

ON PAGE 5, LINES 5-8, MR. STENCLIK STATES, "FIRST, THE 16 O. 17 **ANALYSIS ASSUMED INAPPROPRIATELY** HIGH **RESERVE** 18 REQUIREMENTS. THIS IS BECAUSE THE MODELING 19 PLANNING ANALYSES DO NOT ACCURATELY CAPTURE CURRENT OPERATING PRACTICES, WHICH DOES NOT CURRENTLY REQUIRE 20

OPERATING RESERVES FOR EXISTING SOLAR GENERATION. DO YOU AGREE WITH THIS STATEMENT?

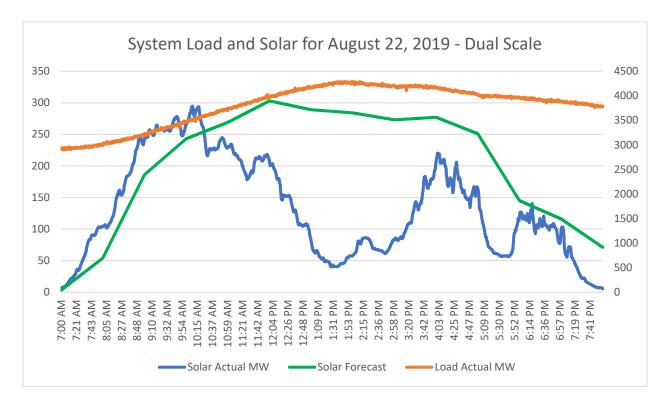
A.

No. Real-time operations of our BA require operating reserves to balance DESC's load and generation at all times and after all contingency events in order to maintain system reliability and compliance with the BAL Standards. Operating reserves are calculated daily to ensure the generating capacity is available to balance load and generation as load increases from its minimum level to the maximum peak hour of the day.

Until recently, the challenge of balancing our system in real-time has been limited to the diversity of loads (lights, hvac, electronics, appliances, manufacturing equipment, pumps, fans, etc.) and outages of traditional generators within the DESC BA. However, with the addition of solar generation and the intermittent production associated with this resource, there is a need for increased Operating Reserves specific to solar generation to maintain compliance with the BAL Standards. Operating experience shows that it cannot be reliably predicted when solar panels will either reduce or increase their output, and therefore we must factor in the variable and significantly unpredictable operating characteristics of solar generation as a factor effecting reliability.

I have included a graph that illustrates solar variability in DESC's recent experience using actual data. The graph shows that on August 22, 2019, at 10:00 AM, solar generation peaked at 293 MW. For the next three hours solar output

fluctuated while decreasing by over 80 percent to slightly below 50 MW, which was a large divergence from the solar forecast. However, DESC's load continued to increase. Then, over the next three hours solar generation increased by three hundred percent to 150 MW (as load decreased), before decreasing by the same 300 percent, to 150 MW by late afternoon. During this time DESC had to utilize generating units with high ramp rates to provide quick generating responses and maintain reliability. The graph below shows exactly how and why DESC must maintain Operating Reserves for solar generation and why this need increases as the installed capability of PV Solar increases to 1,048 MW.



1	Q.	ON PAGE 8, LINES 4 THROUGH 8, MR. STENCLIK ADDRESSES THE
2		RELIABILITY RISKS POSED BY VARIABILITY AND FORECAST
3		ERRORS, AND STATES "EVEN IF ALL OF DESC'S SOLAR
4		GENERATION DISCONNECTED SIMULTANEOUSLY, THERE WOULD
5		NOT BE A RELIABILITY RISK." AS MANAGER FOR SYSTEM
6		CONTROL, DO YOU AGREE?

A.

No. Mr. Stenclik seems to ignore how NERC ensures the reliability of our nation's electric grid and the enforcement of its Standards. The country is split into three interconnections or regions, the Eastern Interconnection, the Western Interconnection and ERCOT (Texas) that are relatively large and independent of one another. Within each region there are BAs, and within each BA there are transmission operators that are all following very similar operating guidelines. NERC promotes reliability by ensuring compliance at each level, really starting with the smallest level and then moving to each larger level. NERC's mandatory BAL standards reflect this approach. Each individual BA must comply with these mandatory standards to protect the reliability of the overall Eastern Interconnection. Mr. Stenclik seems to suggest the opposite—that the reliability of the lowest level can be ensured by transferring risk and operating stresses to the largest piece—in this case the Eastern Interconnect. This is the opposite of what NERC allows.

Q. PLEASE EXPLAIN NERC'S BAL-001 REQUIREMENT AND EXPLAIN HOW A BA'S COMPLIANCE WITH THAT RELIABILITY STANDARD IS IMPACTED BY VARIABLE GENERATION LIKE SOLAR.

A.

BAL-001 is a mandatory standard that requires DESC as a BA to regulate frequency within its BAA by maintaining frequency within normal limits on a consecutive 30-minute basis. BAL-001 also requires DESC to operate to the Control Performance Standard 1 ("CPS1") calculated to be greater than or equal to 100% for each consecutive calendar 12- month period. Both requirements of BAL-001 require DESC to have Operating Reserves necessary to respond to fluctuations in frequency and ACE. Sudden drops in solar generation as well as sudden spikes in solar generation can greatly impact frequency and ACE. As a result, compliance with BAL-001 has become more difficult with the addition of non-dispatchable solar generation within the DESC BA.

For DESC, one of the most challenging times for our system controllers to balance the system occurs during the winter. During the winter, solar generation is completely out of sync with the winter load profile. The typical winter load curve begins with a morning peak just prior to sunrise when there is no solar output. During these early morning hours, solar is not available and DESC's non-solar generators are near maximum generation output levels while reserves are at the lowest level for the day. Almost always as the sun rises, and over the next couple of hours, system load begins to decrease, and DESC generation begins to ramp down

(in economic order if possible) to lower levels to maintain a balanced system.

Contrary to system needs, solar generation begins to ramp up and injects power onto our system as load is decreasing and as DESC's non-solar generation is in turn decreasing. During this time unscheduled and non-dispatchable solar output results in excess generation and high frequency in the DESC BA and the Eastern Interconnect. This surge in generation and resulting high frequency causes compliance issues with BAL-001. The magnitude of this reliability problem and compliance problem is expected to continue to increase as the amount of solar generation increases within the DESC BA and the Eastern Interconnect.

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- 10 ON PAGE 8, LINES 6 THROUGH 13, MR. STENCLIK THEORIZES Q. 11 ABOUT ALL OF DESC'S SOLAR GENERATION DISCONNECTING 12 SIMULTANEOUSLY. HE STATES SUCH A SCENARIO "MAY" POSE 13 ECONOMIC AND COORDINATION "CHALLENGES" BUT ANY SHORT-14 TERM MISMATCH BETWEEN GENERATION AND LOAD WOULD 15 RESULT IN AREA CONTROL ERROR WHICH CAN BE ADDRESSED 16 THROUGH COORDINATION WITH NEIGHBORING BAS. DO YOU AGREE THAT SITUATION DOES NOT POSE ANY RELIABILITY 17 18 CONSEQUENCES FOR DESC AND ITS CUSTOMERS?
- 19 A. No, I do not. NERC's BAL-002 reliability standard *requires* a BA to restore
 20 the system ACE to zero within 15 minutes. In the event that all solar generation
 21 disconnected simultaneously as suggested by Mr. Stenclik, DESC would have to
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deploy its Operating Reserves to restore its ACE without burdening its neighbors or the Eastern Interconnection. Unlike the loss of a baseload unit, which would allow DESC to call on generation under its reserve sharing agreements, the loss of solar generation due to the inherent intermittency of the resource does not permit DESC to call on neighboring generation assets.

Although not discussed by Mr. Stenclik, the presence of variable solar generation does adversely impact DESC's ability to respond to the loss of a baseload unit in compliance with BAL-002. In such a situation, DESC has 15 minutes to restore system ACE. To do this, DESC must quickly ramp up its dispatchable generation. Now consider that during this time, DESC may have solar generation running. On top of losing its generator, DESC may also experience a rapid and unexpected drop in solar output, further stressing the system and further complicating its recovery efforts. Recovering from these events and maintaining compliance with reliability standards like BAL-002 is challenging even without solar. But, as more and more variable solar generation is added, responding to events and maintaining compliance with BAL-002 will become increasingly difficult.

- 1 Q. COULD YOU JUST MODIFY YOUR COORDINATION WITH
 2 NEIGHBORING BAS AS MR. STENCLIK SUGGESTS ON PAGE 8, LINES
 3 14 THROUGH 19?
- A. No. Each BA is responsible for balancing its BAA in real-time. Such a proposal ignores NERC Standards BAL-001 and BAL-002 and seems to ignore NERC's overall approach to reliability. It is important to note that the BAL standards require a BA's compliance and make no exception for issues resulting from variable resources such as solar. Neighboring BAs are also experiencing their own increase in non-dispatchable renewable generation and as a result have their own challenges maintaining reliability and compliance with the BAL Standards.
- ON PAGE 5, LINES 21 -23 AND PAGE 6, LINES 1-2, MR. STENCLIK 11 O. 12 STATES, "THE ANALYSIS ALSO FAILED TO INCLUDE SIGNIFICANT 13 ADDITIONAL RESERVE CAPABILITY FROM THE **FAIRFIELD** 14 STORAGE PLANT AND FROM INTERRUPTIBLE LOAD THAT ARE APPROPRIATELY AVAILABLE AS SOLAR FORECAST 15 16 RESERVES. FAIRFIELD PUMPED STORAGE SHOULD BE OPERATED 17 OPTIMALLY TO BETTER INTEGRATE RENEWABLE ENERGY AND 18 ULTIMATELY BENEFIT RATEPAYERS." PLEASE RESPOND TO THIS 19 CLAIM.

Fairfield Pump Storage ("FFPS") is dispatched optimally on a daily basis with consideration for all expected loads and resources. DESC includes FFPS in the daily DESC BA Daily Generation Plan and dispatches the units there to support system loads as well as Operating Reserves. With the addition of solar generation, DESC has increased its daily and hourly dependence on FFPS in both pump and generator mode to maintain system reliability. Committing FFPS for only reserve capability would require other more expensive generation to be dispatched to meet system needs.

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FFPS is not always available and is restricted at various times throughout the year due to high river flows, environmental reasons (water temps at Monticello), and maintenance outages. Further, as a limited energy resource, FFPS must be able to pump enough water to meet its planned dispatch for the next peak load period. The operation of FFPS must be planned to ensure there is sufficient water and space available in the upper and lower pools to allow volume for FFPS to pump when needed. As solar generation increases, the planning and operating of FFPS will be stressed further. Likewise, the ability to meet the requirements of BAL-001 will continue to become more difficult.

1 Q	. IN ORDER TO BETTER UNDERSTAND MR. STENCLIK'S CLAIMS
2	REGARDING DESC'S STATED NEED FOR RESERVES, PLEASI
3	EXPLAIN FROM A RELIABILITY PERSPECTIVE HOW DESC
4	BALANCED ITS SYSTEM BEFORE THE ADDITION OF SOLAR
5	RESOURCES?

A.

Balancing the system within the DESC BA required Operating Reserves to maintain system reliability and compliance with the NERC Standards. That was true before solar and is required even more now. Prior to solar generators within the DESC BA, the reserves required to regulate were lower since the generators within the DESC BA could be dispatched and controlled. As non-dispatchable generation increases, so does DESC's requirement for Operating Reserves.

DESC still has a mix of generating resources with various operating capabilities. Nuclear and steam units have slow ramp rates (the ability to increase/decrease output) and are typically used as base load generation. Combined cycle units and pumped storage have faster ramp rates and they are used to support base load but can be held back to provide Operating Reserves. Due to environmental limitations Saluda Hydro is limited in its ability to provide Operating Reserves and can be called upon to provide contingency reserves in emergency situations. Combustion turbines have quick start ups and fast ramp rates and are used to support system peak and to provide Operating Reserves.

Q. PLEASE EXPLAIN HOW THE ADDITION OF SOLAR GENERATION COMPLICATES THE ABILITY TO BALANCE THE SYSTEM AND COMPLY WITH MANDATORY RELIABILITY STANDARDS.

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The addition of solar generation places a resource to the DESC BA that is variable, non-dispatchable and uncontrolled. Adding this type of resource to the system has resulted in the need for maintaining increased levels of Operating Reserves to account for the variability. This forces DESC to rely on combined cycle plants to provide more reserves and less base load support. As a result of holding them back from actively supplying load, combined cycle units cannot provide as much efficient, low-cost generation to meet energy needs on the system as would otherwise be the case. By way of example, this fall, DESC is installing Automatic Generator Controls ("AGC") on a large, combined cycle plant that has previously provided generation to support base load. With the increase in solar variability, this base load plant is being modified so that it will be able to adjust its output more quickly and provide BAL compliance help. But when operating in AGC, much of the capacity in the plant will have to be held in reserve so that it has uncommitted capacity that can be added to the system on short notice to meet unforecasted variations in generation supply or load. This means that this highly efficient plant will be on the sidelines at times when it might otherwise be providing low cost service to customers. Additionally, this modification will not help the system

1	respond	to	situations	during	light	load	periods	when	non-dispatchable	solar
2	generation	on r	esults in ov	ergener	ation a	ınd pu	ts compl	iance v	vith BAL-001 at ris	sk.

Q. WHAT ADDITIONAL CHALLENGES HAVE YOUR CONTROLLERS
EXPERIENCED WITH THE INTERMITTENCY OF SOLAR DURING THE
PEAK HOURS OF THE SUMMER MONTHS? DO YOU EXPECT THIS TO
BECOME MORE OR LESS CHALLENGING AS SOLAR APPROACHES
1,048 MW?

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The graph below is for September 9, 2019. On that day solar output peaked at 10:30 AM and declined in a sawtooth pattern for the remainder of the day, more than eight hours. When load peaked at approximately 3:30 PM that day, and at the peak solar output was approximately 225 MW below its forecasted production. This was a day in which there was less than 499 MW of solar connected to the grid. If there had been over 1,000 MW of solar operating on September 9, 2019, the situation would have been considerably more difficult.

Q. HOW WILL ADDITIONAL NON-DISPATCHABLE SOLAR AFFECT OPERATIONS IN THE SPRING AND FALL WHEN LOADS ARE LOWER?

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The NERC compliance issues with solar are particularly difficult during periods when the weather is mild and demand for energy is low. Low loads combined with non-dispatchable solar generation result in periods of overgeneration, high voltage, high frequency, low CPS1 scores and possible non-compliance with BAL-001. When loads are low and solar generation surges, all DESC can do in response, short of curtailing solar, is back down its dispatchable

generation. This creates real operational issues. At a certain point, even that may not be sufficient and the only option will be curtailment of solar. Addressing lower loads in the fall, spring and many days in the winter will continue to be more challenging as the amount of solar generation within the DESC BA increases.

BASED ON YOUR REAL-TIME OPERATIONS EXPERIENCE, DO YOU THINK 35 PERCENT OPERATING RESERVES TIED TO RENEWABLE GENERATION IS SUFFICIENT?

No. System Control counts 60 percent of forecasted solar across the peak hour as reliable power and from recent operating experience, considers 40 percent to be at risk. DESC must therefore maintain reserves to support this remaining 40 percent of forecasted solar output which is not counted on for reliability purposes and is assumed to be generation that could be lost. That number is more likely to increase as solar generation increases within the DESC BA. This will in turn require more operating reserves and resources with fast ramp rates. As you could see from the above graphs, the greater amount of solar generation, the greater the need for fast responding reserves.

17 Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?

18 A. Yes.

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